

Multiple Agency Fiscal Note Summary

Bill Number: 1044 S HB	Title: Capital assistance/schools
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Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI		188,723,000		401,902,000		442,240,000
Local Gov. Other						
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Superintendent of Public Instruction	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Superintendent of Public Instruction	.0	188,723,000	189,151,000	.0	401,902,000	402,264,000	.0	442,240,000	442,602,000
Total \$	0.0	188,723,000	189,151,000	0.0	401,902,000	402,264,000	0.0	442,240,000	442,602,000

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI			188,723,000			401,902,000			442,240,000
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

Agency Name	2023-25		2025-27		2027-29	
	Total		Total		Total	
Construction	188,723,000		401,902,000		442,240,000	
Grants/Loans	188,723,000		401,902,000		442,240,000	
Staff	428,000		362,000		362,000	
Total \$	377,874,000		804,166,000		884,842,000	

Prepared by: Kelsey Rote, OFM	Phone: (360) 000-0000	Date Published: Final 3/17/2023
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Individual State Agency Fiscal Note

Revised

Bill Number: 1044 S HB	Title: Capital assistance/schools	Agency: 350-Superintendent of Public Instruction
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	1,735,000	186,988,000	196,147,000	205,755,000	215,833,000	226,407,000
Staff	247,000	181,000	181,000	181,000	181,000	181,000
Other	0	0	0	0	0	0
Total \$	1,982,000	187,169,000	196,328,000	205,936,000	216,014,000	226,588,000

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☒ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Alex Fairfortune	Phone: 360-786-7416	Date: 03/10/2023
Agency Preparation: Kirti Vijay	Phone: 3607256261	Date: 03/16/2023
Agency Approval: Randy Newman	Phone: 360 725-6267	Date: 03/16/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 03/17/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Compared to the original bill which had the local share of school districts at 30% of the total project costs, the substitute version of the bill limits the local share of the school districts to 50% of their remaining debt capacity, capped at an estimated property tax rate increment of \$1.75 per thousand of assessed value, and is to include an annualized average debt service cost for general obligation bonds issued with an average maturity of 20+ years. The total project costs are borne by the School Construction Assistance Program (SCAP), the school district's local share and the funding under the proposed legislation. Since the substitute version of the bill limits the local share, the amount of grant funding under the proposed legislation goes up.

The proposed legislation aims to provide capital financial assistance to small school districts with demonstrated funding challenges.

Sec. 1 entails how the proposed bill intends to create a new grant program for small, financially distressed school districts that are not able to participate in the school construction assistance program (SCAP) to be able to have necessary funds to rebuild or modernize existing school buildings.

Sec. 2(1) states how supplementary funding must be awarded to such districts for modernization and new construction as well as planning purposes.

Sec. 2(2) describes that the eligibility of school districts is limited to those that have a student headcount of 1,000 or less.

Sec. 2(3) lists out the project eligibility criteria as follows:

- (a) (i) Comprehensive modernization or replacement of instructional spaces that are at least 30 years old and recorded to be in poor or unsatisfactory condition by the Office of Superintendent of Public Instruction (OSPI)
- (a)(ii) Project cost must not exceed 110% of the statewide average cost per square foot for new construction or modernization as estimated by the advisory committee and approved by OSPI.
- (b) In order to be eligible for comprehensive modernization, the project must correct critical physical deficiencies and essential safety concerns, including but not limited to seismic vulnerabilities, failing or broken building and site systems, infrastructural deficiencies, barriers to program accessibility, deteriorated exterior conditions, and/or deficiencies in interior classroom spaces. The corrections may include modernizing, repairing, reconfiguring, replacing, newly constructing and/or upgrading buildings and site infrastructure.
- (c) School districts applying for the new grant must submit separate applications for each individual school.

Sec. 2(4) enables school districts with incomplete building inventory, natural hazard assessments, and condition information to apply for planning grants in order to complete the same as required by OSPI. Thereafter, they would be able to apply for construction grants.

Sec. 2(5) lists out the eligible use of planning grant funding to include completion of building inventory, hazard assessment, and condition information with OSPI, all predesign and design costs including value engineering and constructability review, and all other project associated costs except school district administration.

Sec. 2(6) describes the requirements of developing a prioritized grant list.

- (a) OSPI must propose a list of prioritized planning and construction grants on September 1st of even numbered years, starting September 1, 2024. The list must include a description of proposed projects, planning and/or construction grant amount, anticipated SCAP amount, anticipated local share, estimated total project cost and project score in total and by category.
- (b) The prioritized list prepared by the advisory committee will help determine the level of funding to support grants

proposed by this bill.

Sec. 2(7) directs OSPI to assist eligible school districts in applying for a construction grant by providing technical assistance and planning grants. School districts seeking planning grants under this section must provide a brief statement describing existing school condition, building system and site deficiencies, headcount enrollment, student achievement measures, and financial constraints. If needed, priority may be given to school district's financial capacity and facility conditions.

Sec. 2(8) sets out the construction grant requirements and how prioritization points are calculated and are not to exceed 100 points. Points must be awarded based on the following criteria: Up to 25 points can be awarded based on a school district's debt capacity; up to 20 points can be awarded by the advisory committee based on the severity of a district's financial constraints; and up to 40 points must be awarded based on facility conditions and up to 15 points may be awarded for district enrollment.

Sec. 2(9) allows the advisory committee to make recommendations to the legislature as they learn more about the characteristics of school districts unable to modernize or replace their aging school facilities.

Sec. 2(10) explains that the school districts receiving a grant under the proposed legislation must provide a district share of project cost equal to at least 50% of the district's remaining debt capacity capped at a threshold of \$1.75 per \$1,000 of the assessed property value. Federal funding, other non-state grant funding and private donations may be used by the school district and OSPI must reduce the district's required share proportionately. Furthermore, OSPI must calculate the property tax rate increment based on the estimated annualized debt service costs for general obligation bonds with an average maturity of at least 20 years and the interest rate for state of Washington bonds issued close to the date of application of the grant.

Sec. 2(11) clarifies that OSPI must coordinate grant funding between the proposed grant program and SCAP to make sure that it does not exceed total project costs minus the school district's share. However, between the new grant program and SCAP, the floor for the school district's local share will be the one calculated as per the proposed new grant program.

Sec. 2(12) instructs OSPI to award grants only after the recipient school district has identified available local and other resources sufficient to complete the approved project. The following reporting requirements must be included: all school inventory and condition data must be updated; a final project report as specified by OSPI in consultation with the advisory committee and approved by the school facilities citizen advisory panel; and implementing and maintaining an asset preservation program.

Sec. 2(13) clarifies that advisory committee refers to the one created under RCW 28A.525.159.

Sec. 3(4)(a) specifies that OSPI must propose a list of prioritized grants to the Governor by September 1st of even numbered years. However, the advisory committee appointed to prioritize applications for this grant must keep the process separate from the prioritization of small school district modernization grants.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

No impact to OSPI's cash receipts.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

No impact to OSPI's operating budget.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
057-1	State Building Construction Account	State	1,735,000	186,988,000	188,723,000	401,902,000	442,240,000
113-1	Common School Construction Account	State	247,000	181,000	428,000	362,000	362,000
Total \$			1,982,000	187,169,000	189,151,000	402,264,000	442,602,000

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages	111,000	111,000	222,000	222,000	222,000
B-Employee Benefits	55,000	55,000	110,000	110,000	110,000
C-Professional Service Contracts	55,000		55,000		
E-Goods and Other Services	7,500	7,500	15,000	15,000	15,000
G-Travel	7,500	7,500	15,000	15,000	15,000
J-Capital Outlays	11,000		11,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	1,735,000	186,988,000	188,723,000	401,902,000	442,240,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	1,982,000	187,169,000	189,151,000	402,264,000	442,602,000

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Predesign/Design					
Construction					
Grants/Loans	1,735,000	186,988,000	188,723,000	401,902,000	442,240,000
Staff	247,000	181,000	428,000	362,000	362,000
Other					
Total \$	1,982,000	187,169,000	189,151,000	402,264,000	442,602,000

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

The proposed legislation aims to provide capital financial assistance to small school districts that struggle with raising their local share for participating in the School Construction Assistance Program. For the purposes of discussion, a sample of six school districts (two each from three regions of Northwestern, Eastern and Southwestern Washington) with 1,000 or fewer students were used to estimate the cost of the proposed bill.

Below is a summary of the grants outlined in the proposed legislation. See Attachment 1 and Attachment 2 for detailed calculations.

Project Planning Grants:

OSPI assumes the planning grants provided to small districts will be sufficient to provide OSPI a description of the proposed project, proposed construction cost, the anticipated SCAP amount, the anticipated local share of the project, and estimated total project cost. In order to provide OSPI this needed information, it is assumed that a high-level concept level design of a proposed project will need to be completed with associated costs and project schedule.

Based on an assumed cost per square foot for the planning grant, the estimated cost to provide planning grants to six large projects per fiscal is as follows:

FY 2024 - \$ 1,606,600
FY 2025 - \$ 1,685,300
FY 2026 - \$ 1,767,900
FY 2027 - \$ 1,854,500
FY 2028 - \$ 1,945,400
FY 2029 - \$ 2,040,700
FY 2030 - \$ 2,140,700
FY 2031 - \$ 2,245,600
FY 2032 - \$ 2,355,600
FY 2033 - \$ 2,471,000

Building Inventory and Condition Assessment Grants:

The proposed bill requires districts applying for construction grant funding to have a complete building inventory and condition assessment. OSPI assumes it would provide a modified study and survey grant to school districts to complete an inventory and condition assessment of their school facilities to become eligible for a planning grant. A modified study and survey grant is calculated at 50% of the amount provided by the traditional study and survey grant formula.

The estimated cost to provide a modified study and survey grant per fiscal year is as follows,

FY 2024 - \$ 113,300
FY 2025 - \$ 116,100
FY 2026 - \$ 118,800
FY 2027 - \$ 121,600
FY 2028 - \$ 124,400
FY 2029 - \$ 128,700
FY 2030 - \$ 133,100
FY 2031 - \$ 137,500
FY 2032 - \$ 142,000
FY 2033 - \$ 146,500

Hazard Assessment Grants:

In addition to the building inventory and condition assessments, the proposed bill requires districts to have completed natural hazard assessment. The current natural hazard assessment grant program provides a small school district a base grant amount of \$1,500 and an additional amount based on the gross square feet of the district's instructional buildings as follows:

Square feet between 0 and 4,999 gets an additional grant of \$300
Square feet between 5,000 and 19,999 gets an additional grant of \$400
Square feet between 20,000 and 34,999 gets an additional grant of \$450
Square feet between 35,000 and 49,999 gets an additional grant of \$500
Square feet above 50,000 gets an additional grant of \$1,000

The estimated cost to provide natural hazard assessment grants to six small school districts per fiscal year is as follows,

FY 2024 - \$ 15,400
FY 2025 - \$ 15,900
FY 2026 - \$ 16,300
FY 2027 - \$ 16,800
FY 2028 - \$ 17,300
FY 2029 - \$ 17,800
FY 2030 - \$ 18,300
FY 2031 - \$ 18,900
FY 2032 - \$ 19,400
FY 2033 - \$ 20,000

Construction Grants:

OSPI assumes 6 construction projects will be awarded funding each fiscal year beginning in fiscal year 2025. It is assumed the average project will be 53,552 gross square feet and will be eligible for SCAP funding. Total project costs are calculated to include total construction costs and estimated soft costs as a percentage of the total construction costs.

The proposed legislation limits the local school district's share to 50% of the district's remaining capacity capped at a threshold of \$1.75 per \$1,000 of the assessed property value. In addition, an annualized average debt service cost of 5% for general obligation bonds issued with an average maturity of no less than 20 years is factored in to arrive at the actual local share of the school districts.

The estimated cost of the proposed grant program is as follows:

FY 2024 - No Fiscal Impact

FY 2025 - \$ 142,768,600 Supplementary grants + \$ 42,401,900 SCAP grants

FY 2026 - \$ 149,764,100 Supplementary grants + \$ 44,479,600 SCAP grants

FY 2027 - \$ 157,102,600 Supplementary grants + \$ 46,659,100 SCAP grants

FY 2028 - \$ 164,800,600 Supplementary grants + \$ 48,945,400 SCAP grants

FY 2029 - \$ 172,875,800 Supplementary grants + \$ 51,343,800 SCAP grants

FY 2030 - \$ 181,346,700 Supplementary grants + \$ 53,859,600 SCAP grants

FY 2031 - \$ 190,232,700 Supplementary grants + \$ 54,498,700 SCAP grants

FY 2032 - \$ 199,554,100 Supplementary grants + \$ 59,267,200 SCAP grants

FY 2033 - \$ 209,332,300 Supplementary grants + \$ 62,171,300 SCAP grants

OSPI Program Administration:

In order to administer the tasks and responsibilities outlined in the bill, OSPI would need to hire a Program Administrator (1.0 FTE) to implement and coordinate the new grant program with local school districts. The position will assist in the creation of the new program, provide technical assistance to school districts wanting to apply for planning and modernization grants, and manage the grants funding awards. In addition to the new hire, about 400 hours of an IT contractor will be needed in FY 2024 to make the necessary changes to the Information and Condition of Schools (ICOS) database to incorporate this new grant program into the SCAP grant module. The administrative costs also include quarterly meetings of the advisory committee.

The estimated total costs including salaries and benefits, contracts, related goods and services, meetings, travel, and one-time office set-up costs are as follows,

FY 2024 - \$ 247,000

FY 2025 - \$ 181,000

FY 2026 - \$ 181,000

FY 2027 - \$ 181,000

FY 2028 - \$ 181,000

FY 2029 - \$ 181,000

FY 2030 - \$ 181,000

FY 2031 - \$ 181,000

FY 2032 - \$ 181,000

FY 2033 - \$ 181,000

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Office of Superintendent of Public Instruction
SHB 1044 Capital Financial Assistance - Attachment 1

Cost Calculation of Planning, Hazard Assessment and Construction grants and OSPI	2023-25 Biennium		2025-27 Biennium		2027-29 Biennium		2029-31 Biennium		2031-33 Biennium	
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Planning Grants										
Estimated average cost per planning grant	\$ 267,760	\$ 280,883	\$ 294,647	\$ 309,084	\$ 324,229	\$ 340,117	\$ 356,782	\$ 374,265	\$ 392,604	\$ 411,841
Estimated number of planning grants issued per year	6	6	6	6	6	6	6	6	6	6
Total Estimated cost of planning grants per year	\$ 1,606,600	\$ 1,685,300	\$ 1,767,900	\$ 1,854,500	\$ 1,945,400	\$ 2,040,700	\$ 2,140,700	\$ 2,245,600	\$ 2,355,600	\$ 2,471,000
Building Inventory and Assessment Grant										
Estimated average cost per building inventory and assessment grant	\$ 18,880	\$ 19,345	\$ 19,802	\$ 20,266	\$ 20,735	\$ 21,458	\$ 22,187	\$ 22,923	\$ 23,666	\$ 24,417
Estimated number of planning grants issued per year	6	6	6	6	6	6	6	6	6	6
Total Estimated cost of planning grants per year	\$ 113,300	\$ 116,100	\$ 118,800	\$ 121,600	\$ 124,400	\$ 128,700	\$ 133,100	\$ 137,500	\$ 142,000	\$ 146,500
Hazard Assessment Grants										
Estimated average cost per hazard assessment grant	\$ 2,568	\$ 2,647	\$ 2,724	\$ 2,803	\$ 2,884	\$ 2,968	\$ 3,054	\$ 3,143	\$ 3,234	\$ 3,328
Estimated number of hazard assessment grants issued per year	6	6	6	6	6	6	6	6	6	6
Total Estimated cost of hazard assessment grants per year	\$ 15,400	\$ 15,900	\$ 16,300	\$ 16,800	\$ 17,300	\$ 17,800	\$ 18,300	\$ 18,900	\$ 19,400	\$ 20,000
Total Estimated cost of planning grant activities	\$ 1,735,300	\$ 1,817,300	\$ 1,903,000	\$ 1,992,900	\$ 2,087,100	\$ 2,187,200	\$ 2,292,100	\$ 2,402,000	\$ 2,517,000	\$ 2,637,500

Construction Grants										
Average gross square feet per project	-	53,552	53,552	53,552	53,552	53,552	53,552	53,552	53,552	53,552
Estimated SCAP Construction Cost Allowance	\$ 258.92	\$ 271.61	\$ 284.92	\$ 298.88	\$ 313.53	\$ 328.89	\$ 345.00	\$ 361.91	\$ 379.64	\$ 398.24
Actual Cost of New Construction (Bids received between 8/1/21 to 7/	\$ 499.14									
Inflation	1.00	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
Adjusted Average Cost of New Construction	\$ 499.14	\$ 523.60	\$ 549.26	\$ 576.17	\$ 604.40	\$ 634.02	\$ 665.09	\$ 697.67	\$ 731.86	\$ 767.72
Estimated SCAP Financial Assistance Percentage	54.73%	54.73%	54.73%	54.73%	54.73%	54.73%	54.73%	54.73%	54.73%	54.73%
Estimated Construction Cost of Each Project	\$ -	\$ 28,039,858	\$ 29,413,811	\$ 30,855,088	\$ 32,366,987	\$ 33,952,969	\$ 35,616,665	\$ 37,361,882	\$ 39,192,614	\$ 41,113,052
Average Soft Cost %	13.75%	13.75%	13.75%	13.75%	13.75%	13.75%	13.75%	13.75%	13.75%	13.75%
Estimated Soft Costs as % of Total Construction Costs	\$ -	\$ 3,856,019	\$ 4,044,964	\$ 4,243,167	\$ 4,451,082	\$ 4,669,185	\$ 4,897,975	\$ 5,137,976	\$ 5,389,737	\$ 5,653,834
Estimated Total Construction Cost + Soft Costs	\$ -	\$ 31,895,877	\$ 33,458,775	\$ 35,098,255	\$ 36,818,069	\$ 38,622,155	\$ 40,514,640	\$ 42,499,857	\$ 44,582,351	\$ 46,766,886
Estimated number of construction grants issued per year	6	6	6	6	6	6	6	6	6	6
Total Estimated Project Costs	\$ -	\$ 191,375,300	\$ 200,752,600	\$ 210,589,500	\$ 220,908,400	\$ 231,732,900	\$ 243,087,800	\$ 254,999,100	\$ 267,494,100	\$ 280,601,300

Estimated SCAP Eligible square feet per project	-	47,545	47,545	47,545	47,545	47,545	47,545	47,545	47,545	47,545
SCAP Assistance Per Project	\$ -	\$ 7,066,990	\$ 7,413,272	\$ 7,776,522	\$ 8,157,572	\$ 8,557,293	\$ 8,976,600	\$ 9,416,454	\$ 9,877,860	\$ 10,361,875
Estimated number of construction grants issued per year	6	6	6	6	6	6	6	6	6	6
Estimated SCAP Assistance	\$ -	\$ 42,401,900	\$ 44,479,600	\$ 46,659,100	\$ 48,945,400	\$ 51,343,800	\$ 53,859,600	\$ 56,498,700	\$ 59,267,200	\$ 62,171,300

Local Share of Total Project Costs (Limited to \$1.75 per \$1,000 Assessed Property Value)		1,034,139	1,084,811	1,137,967	1,193,728	1,252,220	1,313,579	1,377,944	1,445,464	1,516,291
Estimated number of construction grants issued per year	6	6	6	6	6	6	6	6	6	6
Estimated Local Share	\$ -	\$ 6,204,800	\$ 6,508,900	\$ 6,827,800	\$ 7,162,400	\$ 7,513,300	\$ 7,881,500	\$ 8,267,700	\$ 8,672,800	\$ 9,097,700

Total Estimated Cost of Construction Supplementary Grants	\$ -	\$ 142,768,600	\$ 149,764,100	\$ 157,102,600	\$ 164,800,600	\$ 172,875,800	\$ 181,346,700	\$ 190,232,700	\$ 199,554,100	\$ 209,332,300
Estimated Local Share	\$ -	\$ 6,204,800	\$ 6,508,900	\$ 6,827,800	\$ 7,162,400	\$ 7,513,300	\$ 7,881,500	\$ 8,267,700	\$ 8,672,800	\$ 9,097,700
Estimated SCAP Assistance	\$ -	\$ 42,401,900	\$ 44,479,600	\$ 46,659,100	\$ 48,945,400	\$ 51,343,800	\$ 53,859,600	\$ 56,498,700	\$ 59,267,200	\$ 62,171,300
Total Estimated Cost of Construction Supplementary Grants	\$ -	\$ 142,768,600	\$ 149,764,100	\$ 157,102,600	\$ 164,800,600	\$ 172,875,800	\$ 181,346,700	\$ 190,232,700	\$ 199,554,100	\$ 209,332,300
Total Estimated Project Costs	\$ -	\$ 191,375,300	\$ 200,752,600	\$ 210,589,500	\$ 220,908,400	\$ 231,732,900	\$ 243,087,800	\$ 254,999,100	\$ 267,494,100	\$ 280,601,300
Total Estimated Supplementary Grants and SCAP Grant Funding	\$ -	\$ 185,170,500	\$ 194,243,700	\$ 203,761,700	\$ 213,746,000	\$ 224,219,600	\$ 235,206,300	\$ 246,731,400	\$ 258,821,300	\$ 271,503,600
Total Estimated Planning, Supplementary and SCAP Grant Funding	\$ 1,735,300	\$ 186,987,800	\$ 196,146,700	\$ 205,754,600	\$ 215,833,100	\$ 226,406,800	\$ 237,498,400	\$ 249,133,400	\$ 261,338,300	\$ 274,141,100
Biennial Total		\$ 188,723,000		\$ 401,902,000		\$ 442,240,000		\$ 486,631,000		\$ 535,479,000
OSPI Administration Costs	\$ 247,000	\$ 181,000	\$ 181,000	\$ 181,000	\$ 181,000	\$ 181,000	\$ 181,000	\$ 181,000	\$ 181,000	\$ 181,000
Total Planning and Construction Grants and Administrative Costs	\$ 1,982,000	\$ 187,169,000	\$ 196,328,000	\$ 205,936,000	\$ 216,014,000	\$ 226,588,000	\$ 237,679,000	\$ 249,314,000	\$ 261,519,000	\$ 274,322,000
Biennial Total		\$ 189,151,000		\$ 402,264,000		\$ 442,602,000		\$ 486,993,000		\$ 535,841,000

Office of Superintendent of Public Instruction
Local School District Capital Budget Impact
SHB 1044 Capital Financial Assistance - Attachment 2

	2023-25 Biennium		2025-27 Biennium		2027-29 Biennium		2029-31 Biennium		2031-33 Biennium	
Cost Calculation of Planning, Hazard Assessment and Construction grants	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Planning Grants										
Estimated average cost per planning grant	\$ 267,760	\$ 280,883	\$ 294,647	\$ 309,084	\$ 324,229	\$ 340,117	\$ 356,782	\$ 374,265	\$ 392,604	\$ 411,841
Estimated number of planning grants issued per year	6	6	6	6	6	6	6	6	6	6
Total Estimated cost of planning grants per year	\$ 1,606,600	\$ 1,685,300	\$ 1,767,900	\$ 1,854,500	\$ 1,945,400	\$ 2,040,700	\$ 2,140,700	\$ 2,245,600	\$ 2,355,600	\$ 2,471,000
Building Inventory and Assessment Grant										
Estimated average cost per building inventory and assessment grant	\$ 18,880	\$ 19,345	\$ 19,802	\$ 20,266	\$ 20,735	\$ 21,458	\$ 22,187	\$ 22,923	\$ 23,666	\$ 24,417
Estimated number of planning grants issued per year	6	6	6	6	6	6	6	6	6	6
Total Estimated cost of planning grants per year	\$ 113,300	\$ 116,100	\$ 118,800	\$ 121,600	\$ 124,400	\$ 128,700	\$ 133,100	\$ 137,500	\$ 142,000	\$ 146,500
Hazard Assessment Grants										
Estimated average cost per hazard assessment grant	\$ 2,568	\$ 2,647	\$ 2,724	\$ 2,803	\$ 2,884	\$ 2,968	\$ 3,054	\$ 3,143	\$ 3,234	\$ 3,328
Estimated number of hazard assessment grants issued per year	6	6	6	6	6	6	6	6	6	6
Total Estimated cost of hazard assessment grants per year	\$ 15,400	\$ 15,900	\$ 16,300	\$ 16,800	\$ 17,300	\$ 17,800	\$ 18,300	\$ 18,900	\$ 19,400	\$ 20,000
Total Estimated cost of planning grant activities	\$ 1,735,300	\$ 1,817,300	\$ 1,903,000	\$ 1,992,900	\$ 2,087,100	\$ 2,187,200	\$ 2,292,100	\$ 2,402,000	\$ 2,517,000	\$ 2,637,500

Construction Grants										
Average gross square feet per project	-	53,552	53,552	53,552	53,552	53,552	53,552	53,552	53,552	53,552
Estimated SCAP Construction Cost Allowance	\$ 258.92	\$ 271.61	\$ 284.92	\$ 298.88	\$ 313.53	\$ 328.89	\$ 345.00	\$ 361.91	\$ 379.64	\$ 398.24
Actual Cost of New Construction (Bids received between 8/1/21 to 7/31/22)	\$ 499.14									
Inflation	\$ 1.00	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05
Adjusted Average Cost of New Construction	\$ 499.14	\$ 523.60	\$ 549.26	\$ 576.17	\$ 604.40	\$ 634.02	\$ 665.09	\$ 697.67	\$ 731.86	\$ 767.72
Estimated SCAP Financial Assistance Percentage	54.73%	54.73%	54.73%	54.73%	54.73%	54.73%	54.73%	54.73%	54.73%	54.73%
Estimated Construction Cost of Each Project	\$ -	\$ 28,039,858	\$ 29,413,811	\$ 30,855,088	\$ 32,366,987	\$ 33,952,969	\$ 35,616,665	\$ 37,361,882	\$ 39,192,614	\$ 41,113,052
Average Soft Cost %	13.75%	13.75%	13.75%	13.75%	13.75%	13.75%	13.75%	13.75%	13.75%	13.75%
Estimated Soft Costs as % of Total Construction Costs	\$ -	\$ 3,856,019	\$ 4,044,964	\$ 4,243,167	\$ 4,451,082	\$ 4,669,185	\$ 4,897,975	\$ 5,137,976	\$ 5,389,737	\$ 5,653,834
Estimated Total Construction Cost + Soft Costs	\$ -	\$ 31,895,877	\$ 33,458,775	\$ 35,098,255	\$ 36,818,069	\$ 38,622,155	\$ 40,514,640	\$ 42,499,857	\$ 44,582,351	\$ 46,766,886
Estimated number of construction grants issued per year	6	6	6	6	6	6	6	6	6	6
Total Estimated Project Costs	\$ -	\$ 191,375,300	\$ 200,752,600	\$ 210,589,500	\$ 220,908,400	\$ 231,732,900	\$ 243,087,800	\$ 254,999,100	\$ 267,494,100	\$ 280,601,300

Estimated SCAP Eligible square feet per project	-	47,545	47,545	47,545	47,545	47,545	47,545	47,545	47,545	47,545
SCAP Assistance Per Project	\$ -	\$ 7,066,990	\$ 7,413,272	\$ 7,776,522	\$ 8,157,572	\$ 8,557,293	\$ 8,976,600	\$ 9,416,454	\$ 9,877,860	\$ 10,361,875
Estimated number of construction grants issued per year	6	6	6	6	6	6	6	6	6	6
Estimated SCAP Assistance	\$ -	\$ 42,401,900	\$ 44,479,600	\$ 46,659,100	\$ 48,945,400	\$ 51,343,800	\$ 53,859,600	\$ 56,498,700	\$ 59,267,200	\$ 62,171,300

Local Share of Total Project Costs (Limited to \$1.75 per \$1,000 Assessed Property Value)	-	1,034,139	1,084,811	1,137,967	1,193,728	1,252,220	1,313,579	1,377,944	1,445,464	1,516,291
Estimated number of construction grants issued per year	6	6	6	6	6	6	6	6	6	6
Estimated Local Share	\$ -	\$ 6,204,800	\$ 6,508,900	\$ 6,827,800	\$ 7,162,400	\$ 7,513,300	\$ 7,881,500	\$ 8,267,700	\$ 8,672,800	\$ 9,097,700

	2023-25 Biennium		2025-27 Biennium		2027-29 Biennium		2029-31 Biennium		2031-33 Biennium	
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
School District Cash Receipts										
Estimated Planning Grant	\$ 1,735,300	\$ 1,817,300	\$ 1,903,000	\$ 1,992,900	\$ 2,087,100	\$ 2,187,200	\$ 2,292,100	\$ 2,402,000	\$ 2,517,000	\$ 2,637,500
Estimated SCAP Assistance	\$ -	\$ 42,401,900	\$ 44,479,600	\$ 46,659,100	\$ 48,945,400	\$ 51,343,800	\$ 53,859,600	\$ 56,498,700	\$ 59,267,200	\$ 62,171,300
Estimated Supplementary Grants (SHB 1044)	\$ -	\$ 142,768,600	\$ 149,764,100	\$ 157,102,600	\$ 164,800,600	\$ 172,875,800	\$ 181,346,700	\$ 190,232,700	\$ 199,554,100	\$ 209,332,300
Total Cash Receipts	\$ 1,735,300	\$ 186,987,800	\$ 196,146,700	\$ 205,754,600	\$ 215,833,100	\$ 226,406,800	\$ 237,498,400	\$ 249,133,400	\$ 261,338,300	\$ 274,141,100
Biennial Total		188,723,000		401,902,000		442,240,000		486,631,000		535,479,000

Individual State Agency Fiscal Note

Revised

Bill Number: 1044 S HB	Title: Capital assistance/schools	Agency: SDF-School District Fiscal Note - SPI
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Local School Districts-Private/Local New-7	1,735,000	186,988,000	188,723,000	401,902,000	442,240,000
Total \$	1,735,000	186,988,000	188,723,000	401,902,000	442,240,000

Estimated Operating Expenditures from:
NONE

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	0	0	0	0	0
Construction	1,735,000	186,988,000	196,147,000	205,755,000	215,833,000	226,407,000
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	1,735,000	186,988,000	196,147,000	205,755,000	215,833,000	226,407,000

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☒ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Alex Fairfortune	Phone: 360-786-7416	Date: 03/10/2023
Agency Preparation: Kirti Vijay	Phone: 3607256261	Date: 03/16/2023
Agency Approval: Randy Newman	Phone: 360 725-6267	Date: 03/16/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 03/17/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Compared to the original bill which had the local share of school districts at 30% of the total project costs, the substitute version of the bill limits the local share of the school districts to 50% of their remaining debt capacity, capped at an estimated property tax rate increment of \$1.75 per thousand of assessed value, and is to include an annualized average debt service cost for general obligation bonds issued with an average maturity of 20+ years. The total project costs are borne by the School Construction Assistance Program (SCAP), the school district's local share and the funding under the proposed legislation. Since the substitute version of the bill limits the local share, the amount of grant funding under the proposed legislation goes up.

The proposed legislation aims to provide capital financial assistance to small school districts with demonstrated funding challenges.

Sec. 1 entails how the proposed bill intends to create a new grant program for small, financially distressed school districts that are not able to participate in the school construction assistance program (SCAP) to be able to have necessary funds to rebuild or modernize existing school buildings.

Sec. 2(1) states how supplementary funding must be awarded to such districts for modernization and new construction as well as planning purposes.

Sec. 2(2) describes that the eligibility of school districts is limited to those that have a student headcount of 1,000 or less.

Sec. 2(3) lists out the project eligibility criteria as follows:

- (a) (i) Comprehensive modernization or replacement of instructional spaces that are at least 30 years old and recorded to be in poor or unsatisfactory condition by the Office of Superintendent of Public Instruction (OSPI)
- (a)(ii) Project cost must not exceed 110% of the statewide average cost per square foot for new construction or modernization as estimated by the advisory committee and approved by OSPI.
- (b) In order to be eligible for comprehensive modernization, the project must correct critical physical deficiencies and essential safety concerns, including but not limited to seismic vulnerabilities, failing or broken building and site systems, infrastructural deficiencies, barriers to program accessibility, deteriorated exterior conditions, and/or deficiencies in interior classroom spaces. The corrections may include modernizing, repairing, reconfiguring, replacing, newly constructing and/or upgrading buildings and site infrastructure.
- (c) School districts applying for the new grant must submit separate applications for each individual school.

Sec. 2(4) enables school districts with incomplete building inventory, natural hazard assessments, and condition information to apply for planning grants in order to complete the same as required by OSPI. Thereafter, they would be able to apply for construction grants.

Sec. 2(5) lists out the eligible use of planning grant funding to include completion of building inventory, hazard assessment, and condition information with OSPI, all predesign and design costs including value engineering and constructability review, and all other project associated costs except school district administration.

Sec. 2(6) describes the requirements of developing a prioritized grant list.

- (a) OSPI must propose a list of prioritized planning and construction grants on September 1st of even numbered years, starting September 1, 2024. The list must include a description of proposed projects, planning and/or construction grant amount, anticipated SCAP amount, anticipated local share, estimated total project cost and project score in total and by category.
- (b) The prioritized list prepared by the advisory committee will help determine the level of funding to support grants

proposed by this bill.

Sec. 2(7) directs OSPI to assist eligible school districts in applying for a construction grant by providing technical assistance and planning grants. School districts seeking planning grants under this section must provide a brief statement describing existing school condition, building system and site deficiencies, headcount enrollment, student achievement measures, and financial constraints. If needed, priority may be given to school district's financial capacity and facility conditions.

Sec. 2(8) sets out the construction grant requirements and how prioritization points are calculated and are not to exceed 100 points. Points must be awarded based on the following criteria: Up to 25 points can be awarded based on a school district's debt capacity; up to 20 points can be awarded by the advisory committee based on the severity of a district's financial constraints; and up to 40 points must be awarded based on facility conditions and up to 15 points may be awarded for district enrollment.

Sec. 2(9) allows the advisory committee to make recommendations to the legislature as they learn more about the characteristics of school districts unable to modernize or replace their aging school facilities.

Sec. 2(10) explains that the school districts receiving a grant under the proposed legislation must provide a district share of project cost equal to at least 50% of the district's remaining debt capacity capped at a threshold of \$1.75 per \$1,000 of the assessed property value. Federal funding, other non-state grant funding and private donations may be used by the school district and OSPI must reduce the district's required share proportionately. Furthermore, OSPI must calculate the property tax rate increment based on the estimated annualized debt service costs for general obligation bonds with an average maturity of at least 20 years and the interest rate for state of Washington bonds issued close to the date of application of the grant.

Sec. 2(11) clarifies that OSPI must coordinate grant funding between the proposed grant program and SCAP to make sure that it does not exceed total project costs minus the school district's share. However, between the new grant program and SCAP, the floor for the school district's local share will be the one calculated as per the proposed new grant program.

Sec. 2(12) instructs OSPI to award grants only after the recipient school district has identified available local and other resources sufficient to complete the approved project. The following reporting requirements must be included: all school inventory and condition data must be updated; a final project report as specified by OSPI in consultation with the advisory committee and approved by the school facilities citizen advisory panel; and implementing and maintaining an asset preservation program.

Sec. 2(13) clarifies that advisory committee refers to the one created under RCW 28A.525.159.

Sec. 3(4)(a) specifies that OSPI must propose a list of prioritized grants to the Governor by September 1st of even numbered years. However, the advisory committee appointed to prioritize applications for this grant must keep the process separate from the prioritization of small school district modernization grants.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

The proposed legislation aims to provide capital financial assistance to small school districts that struggle with raising their local share for participating in the School Construction Assistance Program. For the purposes of discussion, a sample of six school districts (two each from three regions of Northwestern, Eastern and Southwestern Washington) with 1,000 or fewer students were used to estimate the cost of the proposed bill.

Below is a summary of the three grants outlined in the proposed legislation. See Attachment 1 and Attachment 2 for detailed calculations.

Planning Grants: The legislation allows planning grants to be awarded to school districts with incomplete building inventory/condition and/or with an incomplete hazard assessment. Based on an assumed cost per square foot for the planning grant, the estimated planning grants provided to six large projects per fiscal is as follows:

FY 2024 - \$ 1,606,600
FY 2025 - \$ 1,685,300
FY 2026 - \$ 1,767,900
FY 2027 - \$ 1,854,500
FY 2028 - \$ 1,945,400
FY 2029 - \$ 2,040,700
FY 2030 - \$ 2,140,700
FY 2031 - \$ 2,245,600
FY 2032 - \$ 2,355,600
FY 2033 - \$ 2,471,000

Building Inventory and Condition Assessment Grants: Based on the sample of six small school districts chosen, OSPI assumes it would provide a modified study and survey grant to school districts to complete an inventory and condition assessment of their school facilities. A modified study and survey grant is calculated at 50% of the amount provided by the traditional study and survey grant formula. The grants provided every fiscal year would be as follows:

FY 2024 - \$ 113,300
FY 2025 - \$ 116,100
FY 2026 - \$ 118,800
FY 2027 - \$ 121,600
FY 2028 - \$ 124,400
FY 2029 - \$ 128,700
FY 2030 - \$ 133,100
FY 2031 - \$ 137,500
FY 2032 - \$ 142,000
FY 2033 - \$ 146,500

Natural Hazard Assessment Grants: In case of an incomplete hazard assessment, the new legislation provides funding to the school districts to complete the same. In this case, a building was chosen as a sample, taking care of the facts that the district had 1000 or fewer students enrolled and that the building had not been modernized in the past 30 years. A base grant amount of \$1,500 is granted to the small school districts to get started on the hazard assessment. In addition to the base amount, an additional grant is awarded based on the gross square feet of the building in consideration.

The estimated natural hazard assessment grants provided to six small school districts per fiscal year is as follows:

FY 2024 - \$ 15,400
FY 2025 - \$ 15,900
FY 2026 - \$ 16,300
FY 2027 - \$ 16,800
FY 2028 - \$ 17,300
FY 2029 - \$ 17,800
FY 2030 - \$ 18,300
FY 2031 - \$ 18,900
FY 2032 - \$ 19,400
FY 2033 - \$ 20,000

Construction Grants: OSPI assumes all six districts will be eligible to receive state SCAP assistance and funding under the new grant program for their proposed construction projects. Total project costs are calculated to include total construction costs and estimated soft costs as a percentage of the total construction costs.

The local share is calculated as 50% of the district’s remaining capacity capped at a threshold of \$1.75 per \$1,000 of the assessed property value. In addition, an annualized average debt service cost of 5% for general obligation bonds issued with an average maturity of no less than 20 years is factored in to arrive at the actual local share of the school districts.

Below is an estimate of the SCAP and supplementary grant funding under this proposed grant program for the six small school district projects.

FY 2024 - No Fiscal Impact

FY 2025 - \$ 142,768,600 Supplementary grants + \$ 42,401,900 SCAP grants

FY 2026 - \$ 149,764,100 Supplementary grants + \$ 44,479,600 SCAP grants

FY 2027 - \$ 157,102,600 Supplementary grants + \$ 46,659,100 SCAP grants

FY 2028 - \$ 164,800,600 Supplementary grants + \$ 48,945,400 SCAP grants

FY 2029 - \$ 172,875,800 Supplementary grants + \$ 51,343,800 SCAP grants

FY 2030 - \$ 181,346,700 Supplementary grants + \$ 53,859,600 SCAP grants

FY 2031 - \$ 190,232,700 Supplementary grants + \$ 54,498,700 SCAP grants

FY 2032 - \$ 199,554,100 Supplementary grants + \$ 59,267,200 SCAP grants

FY 2033 - \$ 209,332,300 Supplementary grants + \$ 62,171,300 SCAP grants

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

No impact to local school district’s operating budget.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
New-7	Local School Districts	State	1,735,000	186,988,000	188,723,000	401,902,000	442,240,000
Total \$			1,735,000	186,988,000	188,723,000	401,902,000	442,240,000

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays	1,735,000	186,988,000	188,723,000	401,902,000	442,240,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	1,735,000	186,988,000	188,723,000	401,902,000	442,240,000

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Predesign/Design					
Construction	1,735,000	186,988,000	188,723,000	401,902,000	442,240,000
Grants/Loans					
Staff					
Other					
Total \$	1,735,000	186,988,000	188,723,000	401,902,000	442,240,000

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

The proposed legislation aims to provide capital financial assistance to small school districts that struggle with raising their local share for participating in the School Construction Assistance Program. For the purposes of discussion, a sample of six school districts (two from Northwestern, Eastern and Southwestern Washington) with 1,000 or fewer students were used to estimate the cost of the proposed bill.

Below is a summary of the anticipated costs incurred by school districts including state funding from the three grants outlined in the proposed legislation. See Attachment 1 and Attachment 2 for detailed cost and grant reimbursement calculations.

Project Planning Costs: OSPI assumes the planning grants provided to small districts will be sufficient to allow school districts to hire the professional services needed to provide OSPI a description of the proposed project; proposed construction cost, and the anticipated local share of the project. In order to provide OSPI this needed information, it is assumed a high-level concept level design of the proposed project will need to be completed with associated costs and project schedule. The estimated planning costs incurred by school districts for six large projects per fiscal is as follows:

FY 2024 - \$ 1,606,600
FY 2025 - \$ 1,685,300
FY 2026 - \$ 1,767,900
FY 2027 - \$ 1,854,500
FY 2028 - \$ 1,945,400
FY 2029 - \$ 2,040,700
FY 2030 - \$ 2,140,700
FY 2031 - \$ 2,245,600
FY 2032 - \$ 2,355,600
FY 2033 - \$ 2,471,000

OSPI assumes all cost incurred for the completion of the project planning activities will be fully reimbursed to the local school district.

Building Inventory and Condition Assessment Costs: Based on the sample of six small school districts chosen, OSPI assumes it would provide a modified study and survey grant to school districts to complete an inventory and condition assessment of their school facilities. A modified study and survey grant is calculated at 50% of the amount provided by the traditional study and survey grant formula. The estimated cost of district to provide the needed inventory and condition data per fiscal year would be as follows:

FY 2024 - \$ 113,300
FY 2025 - \$ 116,100
FY 2026 - \$ 118,800
FY 2027 - \$ 121,600
FY 2028 - \$ 124,400
FY 2029 - \$ 128,700
FY 2030 - \$ 133,100
FY 2031 - \$ 137,500
FY 2032 - \$ 142,000
FY 2033 - \$ 146,500

OSPI assumes all costs incurred by the local school district to complete the required building inventory and condition assessments will be reimbursed by the grant funding provided by OSPI.

Natural Hazard Assessment Costs: The legislation allows planning grants to be awarded to school districts with incomplete building inventory or condition. Based on the sample of six small school districts chosen, OSPI assumes it would provide a modified study and survey grant to school districts to complete an inventory and condition assessment of their school facilities. A modified study and survey grant is calculated at 50% of the amount provided by the traditional study and survey grant formula.

Square feet between 0 and 4,999 gets an additional grant of \$300
Square feet between 5,000 and 19,999 gets an additional grant of \$400
Square feet between 20,000 and 34,999 gets an additional grant of \$450
Square feet between 35,000 and 49,999 gets an additional grant of \$500
Square feet above 50,000 gets an additional grant of \$1,000

OSPI assumes all costs incurred by the local school district to complete the required natural hazard assessments of their instructional buildings will be reimbursed through the proposed grant program.

The estimated cost of school districts to perform the natural hazard assessments required by each district is as follows:

FY 2024 - \$ 15,400
FY 2025 - \$ 15,900
FY 2026 - \$ 16,300
FY 2027 - \$ 16,800
FY 2028 - \$ 17,300
FY 2029 - \$ 17,800
FY 2030 - \$ 18,300
FY 2031 - \$ 18,900
FY 2032 - \$ 19,400
FY 2033 - \$ 20,000

Construction Costs:

OSPI assumes 6 construction projects will be approved for funding each fiscal year beginning in fiscal year 2025. It is assumed the average project will be 53,552 gross square feet and will be eligible for SCAP funding. Soft costs are estimated at 13.75% of the total project construction costs. Also, it is assumed that 50% of the district's remaining capacity capped at a threshold of \$1.75 per \$1,000 of the assessed property value with an annualized average cost of 5% to service the debt will be the local share of the school districts. The estimated average costs of school districts constructing six projects are shown below,

FY 2024 - No Fiscal Impact

FY 2025 - \$ 142,768,600 Supplementary grants + \$ 42,401,900 SCAP grants + \$ 6,204,800 local share
FY 2026 - \$ 149,764,100 Supplementary grants + \$ 44,479,600 SCAP grants + \$ 6,508,900 local share
FY 2027 - \$ 157,102,600 Supplementary grants + \$ 46,659,100 SCAP grants + \$ 6,827,800 local share
FY 2028 - \$ 164,800,600 Supplementary grants + \$ 48,945,400 SCAP grants + \$ 7,162,400 local share
FY 2029 - \$ 172,875,800 Supplementary grants + \$ 51,343,800 SCAP grants + \$ 7,513,300 local share
FY 2030 - \$ 181,346,700 Supplementary grants + \$ 53,859,600 SCAP grants + \$ 7,881,500 local share
FY 2031 - \$ 190,232,700 Supplementary grants + \$ 54,498,700 SCAP grants + \$ 8,267,700 local share
FY 2032 - \$ 199,554,100 Supplementary grants + \$ 59,267,200 SCAP grants + \$ 8,672,800 local share
FY 2033 - \$ 209,332,300 Supplementary grants + \$ 62,171,300 SCAP grants + \$ 9,097,700 local share

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Office of Superintendent of Public Instruction
SHB 1044 Capital Financial Assistance - Attachment 1

Cost Calculation of Planning, Hazard Assessment and Construction grants and OSPI	2023-25 Biennium		2025-27 Biennium		2027-29 Biennium		2029-31 Biennium		2031-33 Biennium	
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Planning Grants										
Estimated average cost per planning grant	\$ 267,760	\$ 280,883	\$ 294,647	\$ 309,084	\$ 324,229	\$ 340,117	\$ 356,782	\$ 374,265	\$ 392,604	\$ 411,841
Estimated number of planning grants issued per year	6	6	6	6	6	6	6	6	6	6
Total Estimated cost of planning grants per year	\$ 1,606,600	\$ 1,685,300	\$ 1,767,900	\$ 1,854,500	\$ 1,945,400	\$ 2,040,700	\$ 2,140,700	\$ 2,245,600	\$ 2,355,600	\$ 2,471,000
Building Inventory and Assessment Grant										
Estimated average cost per building inventory and assessment grant	\$ 18,880	\$ 19,345	\$ 19,802	\$ 20,266	\$ 20,735	\$ 21,458	\$ 22,187	\$ 22,923	\$ 23,666	\$ 24,417
Estimated number of planning grants issued per year	6	6	6	6	6	6	6	6	6	6
Total Estimated cost of planning grants per year	\$ 113,300	\$ 116,100	\$ 118,800	\$ 121,600	\$ 124,400	\$ 128,700	\$ 133,100	\$ 137,500	\$ 142,000	\$ 146,500
Hazard Assessment Grants										
Estimated average cost per hazard assessment grant	\$ 2,568	\$ 2,647	\$ 2,724	\$ 2,803	\$ 2,884	\$ 2,968	\$ 3,054	\$ 3,143	\$ 3,234	\$ 3,328
Estimated number of hazard assessment grants issued per year	6	6	6	6	6	6	6	6	6	6
Total Estimated cost of hazard assessment grants per year	\$ 15,400	\$ 15,900	\$ 16,300	\$ 16,800	\$ 17,300	\$ 17,800	\$ 18,300	\$ 18,900	\$ 19,400	\$ 20,000
Total Estimated cost of planning grant activities	\$ 1,735,300	\$ 1,817,300	\$ 1,903,000	\$ 1,992,900	\$ 2,087,100	\$ 2,187,200	\$ 2,292,100	\$ 2,402,000	\$ 2,517,000	\$ 2,637,500
Construction Grants										
Average gross square feet per project	-	53,552	53,552	53,552	53,552	53,552	53,552	53,552	53,552	53,552
Estimated SCAP Construction Cost Allowance	\$ 258.92	\$ 271.61	\$ 284.92	\$ 298.88	\$ 313.53	\$ 328.89	\$ 345.00	\$ 361.91	\$ 379.64	\$ 398.24
Actual Cost of New Construction (Bids received between 8/1/21 to 7/	\$ 499.14									
Inflation	1.00	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
Adjusted Average Cost of New Construction	\$ 499.14	\$ 523.60	\$ 549.26	\$ 576.17	\$ 604.40	\$ 634.02	\$ 665.09	\$ 697.67	\$ 731.86	\$ 767.72
Estimated SCAP Financial Assistance Percentage	54.73%	54.73%	54.73%	54.73%	54.73%	54.73%	54.73%	54.73%	54.73%	54.73%
Estimated Construction Cost of Each Project	\$ -	\$ 28,039,858	\$ 29,413,811	\$ 30,855,088	\$ 32,366,987	\$ 33,952,969	\$ 35,616,665	\$ 37,361,882	\$ 39,192,614	\$ 41,113,052
Average Soft Cost %	13.75%	13.75%	13.75%	13.75%	13.75%	13.75%	13.75%	13.75%	13.75%	13.75%
Estimated Soft Costs as % of Total Construction Costs	\$ -	\$ 3,856,019	\$ 4,044,964	\$ 4,243,167	\$ 4,451,082	\$ 4,669,185	\$ 4,897,975	\$ 5,137,976	\$ 5,389,737	\$ 5,653,834
Estimated Total Construction Cost + Soft Costs	\$ -	\$ 31,895,877	\$ 33,458,775	\$ 35,098,255	\$ 36,818,069	\$ 38,622,155	\$ 40,514,640	\$ 42,499,857	\$ 44,582,351	\$ 46,766,886
Estimated number of construction grants issued per year	6	6	6	6	6	6	6	6	6	6
Total Estimated Project Costs	\$ -	\$ 191,375,300	\$ 200,752,600	\$ 210,589,500	\$ 220,908,400	\$ 231,732,900	\$ 243,087,800	\$ 254,999,100	\$ 267,494,100	\$ 280,601,300
Estimated SCAP Eligible square feet per project	-	47,545	47,545	47,545	47,545	47,545	47,545	47,545	47,545	47,545
SCAP Assistance Per Project	\$ -	\$ 7,066,990	\$ 7,413,272	\$ 7,776,522	\$ 8,157,572	\$ 8,557,293	\$ 8,976,600	\$ 9,416,454	\$ 9,877,860	\$ 10,361,875
Estimated number of construction grants issued per year	6	6	6	6	6	6	6	6	6	6
Estimated SCAP Assistance	\$ -	\$ 42,401,900	\$ 44,479,600	\$ 46,659,100	\$ 48,945,400	\$ 51,343,800	\$ 53,859,600	\$ 56,498,700	\$ 59,267,200	\$ 62,171,300
Local Share of Total Project Costs (Limited to \$1.75 per \$1,000 Assessed Property Value)		1,034,139	1,084,811	1,137,967	1,193,728	1,252,220	1,313,579	1,377,944	1,445,464	1,516,291
Estimated number of construction grants issued per year	6	6	6	6	6	6	6	6	6	6
Estimated Local Share	\$ -	\$ 6,204,800	\$ 6,508,900	\$ 6,827,800	\$ 7,162,400	\$ 7,513,300	\$ 7,881,500	\$ 8,267,700	\$ 8,672,800	\$ 9,097,700
Total Estimated Cost of Construction Supplementary Grants	\$ -	\$ 142,768,600	\$ 149,764,100	\$ 157,102,600	\$ 164,800,600	\$ 172,875,800	\$ 181,346,700	\$ 190,232,700	\$ 199,554,100	\$ 209,332,300
Estimated Local Share	\$ -	\$ 6,204,800	\$ 6,508,900	\$ 6,827,800	\$ 7,162,400	\$ 7,513,300	\$ 7,881,500	\$ 8,267,700	\$ 8,672,800	\$ 9,097,700
Estimated SCAP Assistance	\$ -	\$ 42,401,900	\$ 44,479,600	\$ 46,659,100	\$ 48,945,400	\$ 51,343,800	\$ 53,859,600	\$ 56,498,700	\$ 59,267,200	\$ 62,171,300
Total Estimated Cost of Construction Supplementary Grants	\$ -	\$ 142,768,600	\$ 149,764,100	\$ 157,102,600	\$ 164,800,600	\$ 172,875,800	\$ 181,346,700	\$ 190,232,700	\$ 199,554,100	\$ 209,332,300
Total Estimated Project Costs	\$ -	\$ 191,375,300	\$ 200,752,600	\$ 210,589,500	\$ 220,908,400	\$ 231,732,900	\$ 243,087,800	\$ 254,999,100	\$ 267,494,100	\$ 280,601,300
Total Estimated Supplementary Grants and SCAP Grant Funding	\$ -	\$ 185,170,500	\$ 194,243,700	\$ 203,761,700	\$ 213,746,000	\$ 224,219,600	\$ 235,206,300	\$ 246,731,400	\$ 258,821,300	\$ 271,503,600
Total Estimated Planning, Supplementary and SCAP Grant Funding	\$ 1,735,300	\$ 186,987,800	\$ 196,146,700	\$ 205,754,600	\$ 215,833,100	\$ 226,406,800	\$ 237,498,400	\$ 249,133,400	\$ 261,338,300	\$ 274,141,100
Biennial Total		\$ 188,723,000		\$ 401,902,000		\$ 442,240,000		\$ 486,631,000		\$ 535,479,000
OSPI Administration Costs	\$ 247,000	\$ 181,000	\$ 181,000	\$ 181,000	\$ 181,000	\$ 181,000	\$ 181,000	\$ 181,000	\$ 181,000	\$ 181,000
Total Planning and Construction Grants and Administrative Costs	\$ 1,982,000	\$ 187,169,000	\$ 196,328,000	\$ 205,936,000	\$ 216,014,000	\$ 226,588,000	\$ 237,679,000	\$ 249,314,000	\$ 261,519,000	\$ 274,322,000
Biennial Total		\$ 189,151,000		\$ 402,264,000		\$ 442,602,000		\$ 486,993,000		\$ 535,841,000

Office of Superintendent of Public Instruction
Local School District Capital Budget Impact
SHB 1044 Capital Financial Assistance - Attachment 2

	2023-25 Biennium		2025-27 Biennium		2027-29 Biennium		2029-31 Biennium		2031-33 Biennium	
Cost Calculation of Planning, Hazard Assessment and Construction grants	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Planning Grants										
Estimated average cost per planning grant	\$ 267,760	\$ 280,883	\$ 294,647	\$ 309,084	\$ 324,229	\$ 340,117	\$ 356,782	\$ 374,265	\$ 392,604	\$ 411,841
Estimated number of planning grants issued per year	6	6	6	6	6	6	6	6	6	6
Total Estimated cost of planning grants per year	\$ 1,606,600	\$ 1,685,300	\$ 1,767,900	\$ 1,854,500	\$ 1,945,400	\$ 2,040,700	\$ 2,140,700	\$ 2,245,600	\$ 2,355,600	\$ 2,471,000
Building Inventory and Assessment Grant										
Estimated average cost per building inventory and assessment grant	\$ 18,880	\$ 19,345	\$ 19,802	\$ 20,266	\$ 20,735	\$ 21,458	\$ 22,187	\$ 22,923	\$ 23,666	\$ 24,417
Estimated number of planning grants issued per year	6	6	6	6	6	6	6	6	6	6
Total Estimated cost of planning grants per year	\$ 113,300	\$ 116,100	\$ 118,800	\$ 121,600	\$ 124,400	\$ 128,700	\$ 133,100	\$ 137,500	\$ 142,000	\$ 146,500
Hazard Assessment Grants										
Estimated average cost per hazard assessment grant	\$ 2,568	\$ 2,647	\$ 2,724	\$ 2,803	\$ 2,884	\$ 2,968	\$ 3,054	\$ 3,143	\$ 3,234	\$ 3,328
Estimated number of hazard assessment grants issued per year	6	6	6	6	6	6	6	6	6	6
Total Estimated cost of hazard assessment grants per year	\$ 15,400	\$ 15,900	\$ 16,300	\$ 16,800	\$ 17,300	\$ 17,800	\$ 18,300	\$ 18,900	\$ 19,400	\$ 20,000
Total Estimated cost of planning grant activities	\$ 1,735,300	\$ 1,817,300	\$ 1,903,000	\$ 1,992,900	\$ 2,087,100	\$ 2,187,200	\$ 2,292,100	\$ 2,402,000	\$ 2,517,000	\$ 2,637,500

Construction Grants										
Average gross square feet per project	-	53,552	53,552	53,552	53,552	53,552	53,552	53,552	53,552	53,552
Estimated SCAP Construction Cost Allowance	\$ 258.92	\$ 271.61	\$ 284.92	\$ 298.88	\$ 313.53	\$ 328.89	\$ 345.00	\$ 361.91	\$ 379.64	\$ 398.24
Actual Cost of New Construction (Bids received between 8/1/21 to 7/31/22)	\$ 499.14									
Inflation	\$ 1.00	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05
Adjusted Average Cost of New Construction	\$ 499.14	\$ 523.60	\$ 549.26	\$ 576.17	\$ 604.40	\$ 634.02	\$ 665.09	\$ 697.67	\$ 731.86	\$ 767.72
Estimated SCAP Financial Assistance Percentage	54.73%	54.73%	54.73%	54.73%	54.73%	54.73%	54.73%	54.73%	54.73%	54.73%
Estimated Construction Cost of Each Project	\$ -	\$ 28,039,858	\$ 29,413,811	\$ 30,855,088	\$ 32,366,987	\$ 33,952,969	\$ 35,616,665	\$ 37,361,882	\$ 39,192,614	\$ 41,113,052
Average Soft Cost %	13.75%	13.75%	13.75%	13.75%	13.75%	13.75%	13.75%	13.75%	13.75%	13.75%
Estimated Soft Costs as % of Total Construction Costs	\$ -	\$ 3,856,019	\$ 4,044,964	\$ 4,243,167	\$ 4,451,082	\$ 4,669,185	\$ 4,897,975	\$ 5,137,976	\$ 5,389,737	\$ 5,653,834
Estimated Total Construction Cost + Soft Costs	\$ -	\$ 31,895,877	\$ 33,458,775	\$ 35,098,255	\$ 36,818,069	\$ 38,622,155	\$ 40,514,640	\$ 42,499,857	\$ 44,582,351	\$ 46,766,886
Estimated number of construction grants issued per year	6	6	6	6	6	6	6	6	6	6
Total Estimated Project Costs	\$ -	\$ 191,375,300	\$ 200,752,600	\$ 210,589,500	\$ 220,908,400	\$ 231,732,900	\$ 243,087,800	\$ 254,999,100	\$ 267,494,100	\$ 280,601,300

Estimated SCAP Eligible square feet per project	-	47,545	47,545	47,545	47,545	47,545	47,545	47,545	47,545	47,545
SCAP Assistance Per Project	\$ -	\$ 7,066,990	\$ 7,413,272	\$ 7,776,522	\$ 8,157,572	\$ 8,557,293	\$ 8,976,600	\$ 9,416,454	\$ 9,877,860	\$ 10,361,875
Estimated number of construction grants issued per year	6	6	6	6	6	6	6	6	6	6
Estimated SCAP Assistance	\$ -	\$ 42,401,900	\$ 44,479,600	\$ 46,659,100	\$ 48,945,400	\$ 51,343,800	\$ 53,859,600	\$ 56,498,700	\$ 59,267,200	\$ 62,171,300

Local Share of Total Project Costs (Limited to \$1.75 per \$1,000 Assessed Property Value)	-	1,034,139	1,084,811	1,137,967	1,193,728	1,252,220	1,313,579	1,377,944	1,445,464	1,516,291
Estimated number of construction grants issued per year	6	6	6	6	6	6	6	6	6	6
Estimated Local Share	\$ -	\$ 6,204,800	\$ 6,508,900	\$ 6,827,800	\$ 7,162,400	\$ 7,513,300	\$ 7,881,500	\$ 8,267,700	\$ 8,672,800	\$ 9,097,700

	2023-25 Biennium		2025-27 Biennium		2027-29 Biennium		2029-31 Biennium		2031-33 Biennium	
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
School District Cash Receipts										
Estimated Planning Grant	\$ 1,735,300	\$ 1,817,300	\$ 1,903,000	\$ 1,992,900	\$ 2,087,100	\$ 2,187,200	\$ 2,292,100	\$ 2,402,000	\$ 2,517,000	\$ 2,637,500
Estimated SCAP Assistance	\$ -	\$ 42,401,900	\$ 44,479,600	\$ 46,659,100	\$ 48,945,400	\$ 51,343,800	\$ 53,859,600	\$ 56,498,700	\$ 59,267,200	\$ 62,171,300
Estimated Supplementary Grants (SHB 1044)	\$ -	\$ 142,768,600	\$ 149,764,100	\$ 157,102,600	\$ 164,800,600	\$ 172,875,800	\$ 181,346,700	\$ 190,232,700	\$ 199,554,100	\$ 209,332,300
Total Cash Receipts	\$ 1,735,300	\$ 186,987,800	\$ 196,146,700	\$ 205,754,600	\$ 215,833,100	\$ 226,406,800	\$ 237,498,400	\$ 249,133,400	\$ 261,338,300	\$ 274,141,100
Biennial Total		188,723,000		401,902,000		442,240,000		486,631,000		535,479,000